

## **DISCLAIMER**

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## **APPLICATION OF**

**DALE SERVICE CORPORATION**

**CASE NO. PUE-2001-00200**

**For a general increase in rates**

## **HEARING EXAMINER'S RULING**

**August 29, 2002**

On April 6, 2001, Dale Service Corporation ("Dale Service" or "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates for services. In its application, the Company proposed that rates and charges become effective September 1, 2001. The proposed rates and charges would produce \$4,356,888 in additional annual operating revenues, an increase of approximately 130% over the current rates and charges approved in the Company's last rate case.<sup>1</sup> The Company represented that the additional annual operating revenues are necessary to cover increased operating expenses, debt service, and other costs associated with the debt related to the upgrade of its wastewater treatment facilities and construction of new facilities in order to meet the wastewater effluent limits in its wastewater discharge permits issued by the Virginia Department of Environmental Quality.

On April 6, 2001, Dale Service filed its Petition for Waiver of Rate Case Filing Requirements ("Petition") requesting that the Commission waive each and every rule adopted in its Order Adopting Rules in Case No. PUA990054 (20 VAC 5-200-30) that requires the separation of jurisdictional and non-jurisdictional revenues, expense and investment, and allow the Company's application to proceed on a total Company basis.

On June 27, 2001, after discussions with the Commission Staff, Dale Service filed its Amended Application requesting a phase-in of proposed increased rates, with the first phase ("Phase I") of the rate increase taking effect, subject to refund, on October 1, 2001, in the amount of \$1,835,433, which is approximately 42% of the requested increase. The Phase I rate increase would have the effect of increasing residential and commercial bills, on a quarterly basis, from \$40.80 to \$63.00. The Company anticipated that the second rate increase would commence on October 1, 2002, and said increase would be no greater than the difference between the original proposed increase (\$4,356,888) and the Phase I rates that had gone into effect, subject to refund (\$1,835,433) or \$2,521,455.

On July 12, 2001, the Commission issued an Order for Notice and Hearing. The Commission's Order directed the Company to give notice of its application; provided for a

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<sup>1</sup> *Application of Dale Service Corporation to revise tariffs*, Case No. PUE850041, 1986 S.C.C. Ann. Rep. 275.

local public hearing on September 24, 2001, and a public evidentiary hearing on September 18, 2002; approved the Phase I rates effective on or after October 1, 2001, subject to refund; and assigned a hearing examiner to the case. The Company filed its proof of notice with the Commission on June 25, 2002. The Commission also directed its Staff to review and analyze the Company's application and to file a report detailing its findings and recommendations.

On June 5, 2002, the Company filed a Motion for Leave to File Corrected Supplemental Application and Testimony. The motion was granted by Ruling dated June 5, 2002.

In its Corrected Supplemental Application, the Company requests that the Commission: 1) confirm the procedural schedule set forth in its earlier Order, and 2) order appropriate notice of the Phase II rates. In that same Supplemental Application, the Company further informed the Commission that the aggregate annual amount of the Phase II increase would be less than that allowed in the Commission's Order. The Company's calculations revealed that the Phase II annual rate increase should be \$2,106,885 resulting in an increase to the following levels:

PHASE II RATE

<u>Class</u>	<u>Rate Per Quarter Proposed</u>
Residential	\$86.75
Commercial	\$113.00

I find that the Company should give appropriate notice of the proposed Phase II rates. Accordingly,

**IT IS DIRECTED THAT:**

(1) The public evidentiary hearing scheduled for Wednesday, September 18, 2002, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia, shall also address Phase II proposed tariff revisions.

(2) On or before September 13, 2002, Dale Service shall complete publication of the following notice to be published as display advertising (not classified advertising) once

a week for two consecutive weeks in newspapers of general circulation in the Dale Service area of service:

**SUPPLEMENTAL NOTICE TO THE PUBLIC  
OF AN APPLICATION FOR A GENERAL  
INCREASE IN RATES BY  
DALE SERVICE CORPORATION  
CASE NO. PUE-2001-00200**

On April 6, 2001, Dale Service Corporation ("Dale Service" or "the Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates and tariff revisions. The Company's Phase I proposed tariff revisions in the amount of \$1,835,433 became effective October 1, 2001, subject to refund with interest, pending a final determination by the Commission in this matter.

The Company's Phase II proposed tariff revisions in the amount of \$2,106,885 are effective October 1, 2002, subject to refund with interest, pending a final determination by the Commission in this matter. The proposed rates are designed to produce an overall increase of \$3,942,318, in total annual operating revenues, an increase of approximately 112% for residential customers and 122% for commercial customers over the current rates and charges approved in the Company's last rate case. The Company proposes that the additional annual operating revenues are necessary to cover increased operating expenses, debt service, and other costs associated with the debt related to the upgrade of its wastewater treatment facilities and construction of new facilities to meet the wastewater effluent limits in its wastewater discharge permits issued by the Virginia Department of Environmental Quality.

Dale Service's proposed rates are as follows:

AVAILABILITY OF SERVICES

Available to all metered customers other than customers purchasing water for resale.

PHASE I RATE

<u>Class</u>	<u>Rate Per Quarter</u>	
	<u>Previously Approved</u>	<u>Proposed</u>
Residential	\$40.80	\$63.00
Commercial	\$51.00	\$80.00

PHASE II RATE

<u>Class</u>	<u>Rate Per Quarter</u>
	<u>Proposed</u>
Residential	\$86.75
Commercial	\$113.00

PLEASE TAKE NOTICE that while the total revenue requirement that may be approved is limited to the amount requested by Dale Service, individual rates and charges, revenue apportionment, and the tariffs approved by the Commission may differ from those proposed by the Company.

The Commission has directed that a public hearing on Dale Service Corporation's application be convened on Wednesday, September 18, 2002, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to hear evidence relevant to the Company's application.

Copies of Dale Service Corporation's application and accompanying materials are available for public inspection Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Clerk's Office, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Copies of Dale Service Corporation's application may also be ordered from the Company's counsel, Richard D. Gary, Esquire, and Renata M. Manzo, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

Individuals with disabilities who require an accommodation to participate in the hearing scheduled for September 18, 2002, should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Any interested person desiring to comment in writing on Dale Service Corporation's application may do so by September 13, 2002, to the Clerk of the State Corporation Commission at the address set forth below. Written comments must refer to Case No. PUE-2001-00200. Any person desiring to make a statement at the public hearing concerning the Company's application need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

All written communications to the Commission concerning the Company's application must be directed to Joel H. Peck, Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All correspondence should refer to Case No. PUE-2001-00200.

#### DALE SERVICE CORPORATION

(3) The Company shall forthwith serve a copy of this Ruling on the Chairman of the Board of Supervisors of each county in which the Company offers service, and/or the Mayor or Manager of every city and town (or equivalent officials in counties, cities, and towns having alternate forms of government) in which the Company offers service. Service shall be made by first-class mail or delivery to the customary place of business or to the residence of the person served.

(4) At the commencement of the September 18, 2002, evidentiary hearing scheduled herein, the Company shall provide the Commission with proof of notice as required by paragraphs (2) and (3) above.

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Alexander F. Skirpan, Jr.  
Hearing Examiner